

## CLASSIFICATION

REPORT

## CD NO.

25X1

DATE DISTR. 31 August 1955

NO. OF PAGES 2

NO. OF ENCLS.  
(LISTED BELOW)

SUPPLEMENT TO  
REPORT NO.

25X1

25X1

THIS IS UNEVALUATED INFORMATION

25X1

25X1

Plasticator	- 2,500 DME per ton	Perbunan (average)	- 3,400 DME per ton
Pervinan	- 2,300 DME per ton	Perbunan extra	- 4,200 DME per ton
Buna	- 2,300 DME per ton	Buna latex	- 850 DME per ton

25X1

## CLASSIFICATION

25X1

SECRET

25X1

4. The following tables were prepared in the Ministry for Heavy Industry and submitted to the Council of Ministers to show the development of the coal and the power and gas industries since 1950. Figures are in millions of DME.

Coal (Pit coal and Lignite)

<u>Year</u>	<u>Turnover (Umsatz)</u>	<u>Costs (Kosten)</u>	<u>Income (Ergebnis)</u>	<u>Profitability (Rentabilitaet)</u>
1950	803.6	873.	- 69.4	- 7.95 %
1951	944.		- 106.9	
1952	1,083.		- 130.	
1953	1,368.			
1954	1,402.	1,604. *		- 14.15 %
1955 - (Planned)	1,499.	1,559.		- 4.3 %

\* The cost increase in 1954 was attributable to the floods and severe frosts during the early part of that year.

Power and Gas

<u>Year</u>	<u>Turnover</u>	<u>Costs</u>	<u>Income</u>	<u>Profitability</u>
1950	764.	635.	+ 128.	+ 20.24 %
1951				
1952				
1953				
1954	1,825. *	1,727.	+ 97.	+ 5.95 %
1955 - (Planned)	1,938.	1,804.	+ 133.	+ 7.77 %

\* The rate of increase between 1950 and 1954 was due not only to new construction but also to the tying in of numerous local installations with the national power network.

5. It is currently being rumored in the Ministry for Heavy Industry that the East German defense program is to be managed jointly by Heinrich Rau and Willi Stoph. Rau, now Minister for Foreign and Domestic Trade, will handle economic affairs connected with rearmament, while Stoph, until recently Minister for the Interior, will be in charge of the military side of the program.

6. Heinrich Rau allegedly stated that a new vertical reorganization of the East German Ministries is being considered. Among other changes contemplated is a linking of Machine Construction with the Steel Industry, reportedly because Minister for Heavy Industry Fritz Selbmann's empire is becoming too large (at least according to Rau.)

7. On 8 July 1955, Kremer (fnu) of the Heavy Industry Ministry's Planning Department represented Selbmann at a conference in the Ministry for Heavy Machine Construction. The Ministries of Machine Construction and General Machine Construction also participated. Minister Erich Honecker chaired the meeting, allegedly stated during the course of the conference that the situation in the Heavy Machine Construction Ministry was satisfactory.

SECRET

25X1

25X1

**Page Denied**

CLASSIFICATION

S-E-C-R-E-T

CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

REPORT

CD NO.

25X1

COUNTRY

East Germany

SUBJECT

1. Personnel Changes
2. VEB Schwarze Pumpe
3. Miscellaneous Economic Information
4. Possible Means of Defense Program
5. Rumored Reorganization of Ministries

PAGE  
ACQUIREDDATE OF  
INFO.

DATE DISTR. 31 August 1955

NO. OF PAGES 3

NO. OF ENCLS.  
(LISTED BELOW)

25X1

SUPPLEMENT TO  
REPORT NO.

THIS IS UNEVALUATED INFORMATION

25X1

1. Professor Heister (Hr.), formerly with the East German Ministry for Machine Construction, has been appointed head of the Office for Standardization and Rationalization (Amt fuer Standardisierung und Typisierung) under the Ministry for Heavy Industry. He replaced Apel (Hr.).

2. VEB Schwarze Pumpe, the reconstruction of which is considered to be one of the Ministry for Heavy Industry's most important projects under the Second Five Year Plan, is to be as large an establishment as the GDR's most important steelworks. It will produce suitable cokes (Verfahrensfachgase). Schwarze Pumpe is located in 25X1  
Schriftburg/Spremberg area, close to the new power station at Frankenhof. Ernst Grabner, former director of VEB Rothera in Cologne, has been assigned to take charge of the project.

3. On 1 January 1956, a new ordinance is to go into effect in East Germany reducing the prices of artificial rubber products. It was originally formulated by the State Planning Commission and the Ministry for Finance, the ordinance would have resulted in a reduction of 100,000,000 DEM in the total income from artificial rubber during 1956. (In 1954 there had been an accumulation of 110,000,000 DEM from Buna.) The Ministry for Heavy Industry objected to the extent of this reduction on the grounds that it would bring the artificial rubber prices down below the 1944 level in some cases. An agreement was finally reached whereby the total income reduction would amount to between 50 and 60,000,000 DEM. The ordinance as originally planned (the 100,000,000 DEM reduction) would have benefited the export sector of the economy by 53,000,000 DEM, the nationalized enterprises (VEBs) by 46,000,000 DEM, and private consumers by about 1,000,000 DEM. It would have set the prices for various 25X1  
artificial rubber as follows:

Plasticator	- 2,500 DEM per ton	Perbunan (average)	- 3,400 DEM per ton
Perbunan	- 2,300 DEM per ton	Perbunan extra	- 4,200 DEM per ton
Buna	- 2,500 DEM per ton	Stann latex	- 850 DEM per ton

Prices under the ordinance in the near future are not yet known.

S-E-C-R-E-T

CLASSIFICATION

STATE	NAVY	NSRB	DISTRIBUTION
ARMY	AIR	FBI	

25X1

25X1

SECRET

25X1

4. The following tables were prepared in the Ministry for Heavy Industry and submitted to the Council of Ministers to show the development of the coal and the power and gas industries since 1950. Figures are in millions of DEM.

Coal (Pit coal and Lignite)

<u>Year</u>	<u>Turnover</u> (Umsatz)	<u>Costs</u> (Kosten)	<u>Income</u> (Ergebnis)	<u>Profitability</u> (Rentabilitaet)
1950	803.6	873.	- 69.4	- 7.95 %
1951	944.		- 106.9	
1952	1,083.		- 130.	
1953	1,368.		- 111	
1954	1,402.	1,604. *	- 1.	- 14.15 %
1955 - (Planned)	1,499.	1,559.	- 60.	- 4.3 %

\* The cost increase in 1954 was attributable to the floods and severe frosts during the early part of that year.

Power and Gas

<u>Year</u>	<u>Turnover</u>	<u>Costs</u>	<u>Income</u>	<u>Profitability</u>
1950	764.	635.	+ 128.	+ 20.24 %
1951				
1952				
1953				
1954	1,825. *	1,727.	+ 97.	+ 5.95 %
1955 - (Planned)	1,938.	1,804.	+ 133.	+ 7.77 %

\* The rate of increase between 1950 and 1954 was due not only to new construction but also to the tying in of numerous local installations with the national power network.

5. It is currently being rumored in the Ministry for Heavy Industry that the East German defense program is to be managed jointly by Heinrich Rau and Willi Stoph. Rau, now Minister for Foreign and Domestic Trade, will handle economic affairs connected with rearmament, while Stoph, until recently Minister for the Interior, will be in charge of the military side of the program.

6. Heinrich Rau allegedly stated that a new vertical reorganization of the East German Ministries is being considered. Among other changes contemplated is a linking of Machine Construction with the Steel Industry, reportedly because Minister for Heavy Industry Fritz Selbmann's empire is becoming too large (at least according to Rau.)

7. On 8 July 1955, Kromer (fnu) of the Heavy Industry Ministry's Planning Department represented Selbmann at a conference in the Ministry for Heavy Machine Construction. The Ministries for Finance and General Machine Construction also participated. Minister Erich Apel, who chaired the meeting, allegedly stated during the course of the conference that the order (Auftrag) situation in the Heavy Machine Construction Ministry was extremely poor and that no contracts at all existed for 1956. The situation in the General Machine Construction Ministry was somewhat better.

Comments:

1. Possibly the Office for Standardization under the State Planning Commission.

SECRET

25X1

25X1

25X1

**Page Denied**